

The Monthly Magazine for Food and Agricultural Exporters

AgExporter

United States Department of Agriculture
Foreign Agricultural Service

March 2003



50th Anniversary
1953-2003



U.S. Agricultural Pioneers Abroad and Their Problems

Handicapped by insurmountable difficulties, these early agricultural experts rarely achieved all they set out to do. But by sharing their knowledge with foreign countries, they were the forerunners of today's technical assistance experts.

By Randall Riser
Texas University College
For Teachers, Atlanta

Alfred W. J. Lawrence
Dr. Mary J. Lawrence



The Foreign Agricultural Service 1953-2003

During 2003, the Foreign Agricultural Service is celebrating its 50th anniversary. This special issue of *AgExporter* highlights the evolution of FAS as it strives to build new markets for U.S. farmers and ranchers, improve the competitive position of U.S. agriculture in the global marketplace and enhance world food security.

Although a relatively small agency in the overall USDA structure, FAS plays a crucial role in promoting the prosperity of the U.S. agricultural economy. From its beginnings in March 1953, FAS has bolstered U.S. agricultural exports to where they are now—more than \$50 billion annually. Over the past five decades, FAS has opened dynamic new markets for U.S. foods, developed enduring relationships with private sector organizations, sent agricultural attachés to foreign nations to represent U.S. interests, created credit solutions to facilitate the purchase of U.S. products and supplied food and technical assistance to developing countries around the world.

In this 21st century, FAS will continue to provide critical functions to U.S. agriculture. The major services of FAS—market information, access and development; trade policy formulation and monitoring; food aid; and international linkages—will only gain in importance in the years ahead as U.S. food and agricultural exporters work to overcome international barriers and succeed in world markets. FAS' global market efforts also help foster economic growth, reduce poverty and greatly enhance food security around the world.

Congratulations to FAS on its 50th anniversary for the work it has done and continues to do to ensure that our exporters have the necessary tools to capture a greater share of the benefits that are flowing from trade reform and global market expansion.

A handwritten signature in black ink, appearing to read 'Ann Veneman'.

Ann M. Veneman
Secretary of Agriculture

AgExporter

United States Department of Agriculture
Foreign Agricultural Service

March 2003

Features



The Foreign Agricultural Service, 1953-2003 **2**

This issue is devoted to the history of the Foreign Agricultural Service. An introductory letter from Secretary of Agriculture Ann M. Veneman summarizes the mission of the Agency and the ways in which FAS has worked for American agriculture over the past 50 years.



The History of the Foreign Agricultural Service: **4** Helping U.S. Producers Feed, Clothe and House the World

This retrospective recounts the history of FAS, based on research of historical records.



A Small Agency **12** With a Big Mission: 50 Years of the Foreign Agricultural Service

A timeline presents the Agency's major milestones.

FAS Attachés: U.S. Agriculture's Eyes **16** and Ears Abroad

The agricultural attachés of FAS have been on the forefront of a half century of growth in U.S. agricultural exports.



Exports Then and Now **23**

Fifty years ago, wheat, cotton and tobacco dominated U.S. agricultural exports, Europe was our largest regional market and our global sales were about \$3 billion. But not everything was so different.

Volume XV, No. 3

Published by

U.S. Department of Agriculture
Foreign Agricultural Service

Editor

Priscilla B. Glynn
(202) 720-7115

Writers

Lynn Goldsbrough
Linda Habenstreit
Harold Kanarek
Eric Van Chantfort

Subscription Information:

Subscriptions are available from the National Technical Information Service, Tel.: (703) 605-6060 and can be charged to VISA, MasterCard or American Express. Subscriptions are also sold by the Superintendent of Documents, U.S. Government Printing Office, Internet: bookstore.gpo.gov; Tel., toll-free: (866) 512-1800, DC area: (202) 512-1800; Fax: (202) 512-2250; Mail: Stop SSOP, Washington, DC 20402-0001.

Subscription information is also available from FAS, Tel.: (202) 720-7938 or (202) 720-9445.

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The History of the Foreign Agricultural Service: Helping U.S. Producers Feed, Clothe and House the World

By Ryan Swanson

The harvest of American farms, ranches and forests no longer goes to feed, clothe and house only Americans—it goes to feed, clothe and house the world. The small family farms of early America have gradually given way to market-based production. As increased agricultural production steadily outpaced the needs of the U.S. population, producers sought and found alternative markets. The Federal government joined in this search, pursuing a course that benefited the U.S. economy, U.S. producers and needy countries abroad. Thus, 50 years ago, FAS (the Foreign Agricultural Service) was born.

Today FAS continues to foster a global agriculture market. A look at the progression of FAS tells us not only about FAS, but also about the changing scope of U.S. agriculture.

FAS belongs to a rich tradition of American agricultural advocates. Thomas



Potato planting in Fort Kent, Maine. 1943

Jefferson conducted his own farming research at Monticello, his Virginia estate, and during his travels abroad gathered information and seeds to transport back to Virginia. Abraham Lincoln, while leading the United States through the Civil War, established USDA (the United States Department of Agriculture), tapping Isaac Newton for its first commissioner. Additionally, his support of the Homestead Act and the Morrill Land Grant College Act made it easier for farmers to obtain land and further their agricultural training.

President Ulysses S. Grant fielded one of the first foreign requests for agricultural assistance and training. The request, which came from Japan, led Grant's Commissioner of Agriculture, Horace Capron, to vacate his post and lead an

expedition to aid the needy farmers of that country. Although no other commissioner followed Capron's example, the idea of facilitating foreign market growth caught on. It would become a hallmark of FAS.

In 2003, FAS celebrates 50 years of partnership with American farmers, but agricultural exports have been a part of the American economy for much longer. Tobacco and cotton farmers found markets before the American Revolution, even in the face of strict British trade restrictions.

By the 1850s, the annual value of agricultural exports averaged \$189 million and 81 percent of total U.S. exports. Later, during the Industrial Revolution, an agricultural boom took place. Exports increased from an annual average of \$703



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million between 1890-99 to \$1.94 billion in 1920-29. As trade increased and became prohibitively complicated, the Federal government initiated steps to aid the farmer in exporting excess produce.

Paving the Way for FAS

The foundation for FAS was laid long before the organization was formally created. As the U.S. government took note of increased U.S. agricultural exports, it moved, although cautiously at first, to monitor foreign markets. In March 1894, Congress established the Section of Foreign Markets and authorized it to gather and disseminate agricultural information. Over the next 20 years, amid structural fluctuation, this goal of providing accurate information to U.S. farmers solidified. During the 1920s, the task came under the jurisdiction of the USDA's Division of Statistical and Historical Research. Headed by O.C.

Stines, the division garnered increased support in its effort to facilitate the growth of U.S. agricultural exports.

On June 5, 1930, Congress approved and President Herbert Hoover signed legislation to promote "acquiring and diffusing useful information." The legislation created the Division of Foreign Agricultural Service, which was placed under the jurisdiction of the Bureau of Agriculture Economics. Asher Hobson assumed leadership of the division, with its 30 employees and appropriation of \$100,000. Congress also authorized the placement abroad of U.S. ambassadors, who would deal in grains and meats rather than military tactics and treaties. Described as "farm boys with Ph.D.'s," the new officers, who were attached to the U.S. Department of State, were eventually given the title of attachés. By 1932, officers worked in eight foreign locales: Belgrade, Berlin, Buenos Aires, London, Marseilles, Pretoria, Shanghai and Sydney.

In 1933, in the midst of the Great Depression, Congress passed the Agricultural Adjustment Act of 1933, which not only allocated public funds for foreign market expansion for the first time, but also authorized payments to augment low crop prices to help struggling farmers. By the end of the 1930s, however, U.S. agricultural exports had declined by more than 60 percent, and the U.S. Supreme Court had declared the Agricultural Adjustment Act of 1933 unconstitutional.

In the midst of these circumstances, the Division of the Foreign Agricultural Service received a much-needed infusion of respect and authority. In 1939, it was shifted to the jurisdiction of the Office of the Secretary of Agriculture. The shift brought increased authority and resulted

in a title change: the Division of Foreign Agricultural Service became the Foreign Agricultural Relations Office. The mission remained the same.

Visionaries

George C. Marshall, who served as Secretary of State in the late 1940s, emerged as an unlikely ally of agricultural exporters. In a commencement speech at Harvard on June 5, 1947, Marshall urged the United States to address the "hunger, poverty, desperation and chaos" plaguing much of Europe. In 1948, with Marshall's backing, Congress approved the European Recovery Program. Later to be called the Marshall Plan, the program contributed \$13 billion, over four years, to countries ravaged by World War II. Fittingly, many of FAS' early leaders participated in this groundbreaking project, including future administrators Gwynn Garnett and Raymond Ioanes.

While working to implement Marshall's vision, Garnett, then a young army officer, suggested an idea that would change U.S. farming forever. Garnett's plan had an appealing simplicity: use the U.S. agricultural surplus to feed a hungry Europe. In fiscal terms, Garnett proposed that the United States accept local currencies, many of which were virtually worthless outside their own borders after the war, in exchange for agricultural products. These local funds could then in turn be used to rebuild foreign markets.

Garnett presented his plan to officials of the Eisenhower Administration and to members of Congress when he returned from Germany to serve as a Farm Bureau official. The plan rapidly found support because it allowed Congress to help U.S. farmers, feed hungry nations and foster future markets.



Garnett's plan was incorporated into the Agricultural Trade Development and Assistance Act of 1954. At the same time, members of Congress expressed concern that "our governmental machinery for carrying on agricultural relationships with other countries was inadequate both in scope and in organization...." In the first months of his administration, President Dwight D. Eisenhower and his newly appointed Secretary of Agriculture Ezra Taft Benson realized that USDA needed a renewed focus for establishing contacts overseas, and an increased emphasis on the development of foreign markets if U.S. agriculture was to prosper.

On March 10, 1953, Secretary Benson issued Secretary's Memorandum 1320, which officially created FAS. Secretary Benson's challenge to the new agency was fourfold:

- Supply American agriculture with current market information.
- Promote the sale of American farm products abroad.
- Remove obstacles to foreign trade.
- Help other countries become better customers through technical assistance, foreign investment, greater use of credit and other means.

In July 1954, Congress reinforced the new role of the agency by enacting the Agricultural Trade Development and Assistance Act. This law, commonly called P.L. (Public Law) 480, provided the marching orders for the new FAS.

Title I of the law provided U.S. government financing for sales of U.S. commodities to friendly foreign markets. Title II authorized the donation of food to alleviate famine and malnutrition. Title III built upon section 416(b) of the Agricultural Act of 1949, allowing excess commodities held by the CCC

(Commodity Credit Corporation) to be distributed to developing countries.

FAS wasted little time getting started. In 1955, for the first time, FAS represented American agriculture at a foreign trade show. It was a foray into a mode of influ-

ence that would become a staple in FAS' promotional efforts. Later in the year, Garnett became the administrator of FAS, a position that he held for three years. Logistically, it became clear that a coalition of government and private efforts



FAS



FAS



Soybeans growing near Blytheville, Arkansas.

would best fulfill FAS' mission. As later administrator Raymond Ioanes recalls, it made sense "for the Government to provide the framework of the program, but to call on those in the trade stream...to be active partners."

First established under the authority of P.L. 480, the Foreign Market Development Program (commonly known as the cooperator program) used funds from USDA's CCC (the Commodity Credit Corporation) to aid in the creation, expansion and maintenance of long-term export markets for U.S. agricultural products.

FAS' first active partners, termed "cooperators," were nonprofit coalitions that represented the interests of individual commodities. Cooperators defrayed approximately half of the funding costs and also provided valuable expertise regarding specific industries. Today, cooperators and FAS continue to work together to cultivate foreign markets for U.S. products.

This partnership might not have happened but for an innovative legal contract, drafted by USDA lawyer Ralph Koebel, that created a safe environment for this unexplored realm of government-business cooperation. Of FAS' leadership, Read P.

Dunn, Jr., of the National Cotton Council stated, "Without people as resourceful as Gwynn [Garnett] and Ray [Ioanes]...it would not have been possible to get the program started so quickly and so efficiently." The National Cotton Council became FAS' first cooperator, beginning a relationship that, Dunn said, "could not have been better."

The early years of the fledgling Agency were a time of learning and experimentation. In 1959, for example, FAS assisted the Yamanashi prefecture of Japan after it lost nearly all of its livestock in two typhoons. FAS moved quickly to coordinate relief efforts: Iowa farmers contributed 36 hogs, the CCC provided 80,000 bushels of corn and the U.S. Air Force volunteered transportation. The results of this collaboration were impressive. Three years later, the original 36 hogs had multiplied to over 500. U.S. grain farmers eventually gained a new market for feed as the hog industry grew, but just as importantly a diplomatic bond had



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been formed. Iowa and Yamanashi established a sister-state relationship. Standing today in the garden of the Iowa state capitol is a Japanese-style bell house, sent as a gift by the people of Yamanashi in thanks for the 1959 “hog lift.”

Examination and Adjustments

Despite FAS’ early successes, the 1960s brought both internal and external evaluations. In 1961, President John F. Kennedy initiated an administrative review of all cabinet-level departments. Reviewers granted FAS permanent status, but they also established a mandatory level of cooperative involvement. Reviewers further recommended that FAS be streamlined for efficiency and that cooperators be given more freedom to act regarding their specific interests.

Of its own accord, FAS formed a “brain bank” to address necessary reforms; a group of semi-retired Advertising Council executives meticulously evaluated each commodity program in light of original P.L. 480 goals and regulations. The brain bank’s primary recommendation suggested that cooperators develop more detailed market plans. FAS swiftly adopted changes to facilitate this recommendation.

In 1969, FAS leaders established the Export Incentive Program, designed to help independent firms promote specific products and to shift FAS’ marketing focus toward brand promotion campaigns. For example, FAS worked with the Florida Citrus Commission to increase the market for orange juice in Europe, especially targeting cold climates such as Sweden. The calcium benefits of orange juice became the paramount selling point in an effective campaign.

FAS also gained new partners at the



Country team meeting at American Embassy in Bangkok, Thailand. 1982

state level. Domestic field offices comprised of regional state groupings began to recruit potential exporters in their states. Through these relationships, FAS gained increased information about—and access to—America’s farmers, all of which allowed the organization to further tailor itself to meet the diverse needs of different regions. Today four state-regional trade groups cover all 50 states and Puerto Rico: Food Export USA Northeast, the Mid-America International Agri-Trade Council, the Southern United States Trade Association and the Western United States Agricultural Trade Association.

New Horizons, New Possibilities

Strengthened by new partnerships, FAS worked diligently to open the doors to two of the world’s largest markets: the Soviet Union and China. As Cold War tensions began to thaw with the 1970s attempt at détente, these markets seemed more accessible than ever before. In 1970, the United States and the Soviet Union

formed a Joint Agricultural Commission, albeit with different intentions. The United States desired economic information, while the Soviet Union wanted U.S. agricultural technology. Despite the differing goals, the commission proved fruitful. By 1975, the United States and Soviet Union had reached a long-term agreement for the exportation of American grains.

This “food diplomacy” facilitated further communication between the two countries. In 1981, President Ronald Reagan lifted the Soviet trade embargo entirely. FAS’ participation, while it should not be overstated, did play a part in easing Cold War tensions.

China’s “closed door” policy had made the country almost impenetrable to American farmers throughout much of the twentieth century. But in 1978, Secretary of Agriculture Bob Bergland visited the People’s Republic of China and secured permission for a group of cooperators to visit soon afterward.



It quickly became apparent that China lacked the basic facilities to use raw commodities and that an investment in infrastructure would be necessary. After some deliberation, FAS and its cooperators collaborated to build a bakery in China. It became a training site where Chinese people learned how to bake bread with American wheat.

In a similar endeavor, American interests built an instant noodle plant. Although the Chinese certainly already knew about noodles, the factory taught them the benefits of using American commodities in noodle making. These unusual steps taken to open the doors to China proved successful. By fiscal 2002, U.S. agricultural exports to the country totaled nearly \$1.4 billion.

In the midst of this expansion, and perhaps in part because of it, Congress passed its most significant foreign agricultural legislation since 1953. The Agricultural Export and Trade Expansion

Act of 1978 again bolstered FAS' position and authority. The Deputy Assistant Secretary of Exports, who oversaw FAS, was appointed Under Secretary of USDA. Agricultural attachés were raised to the rank of counselors, and Congress authorized FAS to open trade offices throughout the world.

Heightened Competition

The 1980s marked a time of significant competition. Numerous countries sought to export their surpluses, and the inevitable overlap drove prices down. Additionally, inflation wracked the U.S. economy, further hindering U.S. exports. After hitting a high of \$43 billion in 1981, exports declined for five consecutive years.

The Food Security Act of 1985 created the Targeted Export Assistance Program (subsequently the Market Promotion Program, now the Market Access Program), which promoted those

U.S. farm products subject to unfair foreign trade practices. These two bills signaled the United States' adoption of a more active approach to countering foreign price supports.

In 1983, as FAS celebrated its 30th anniversary, it had good reason to be optimistic. In its first 30 years, FAS helped farmers export more than 600 trillion pounds of goods, worth more than \$33 billion. Upcoming was the Uruguay Round of negotiations of the GATT (General Agreement on Tariffs and Trade), which for the first time would devote considerable time to agriculture. In addition, under the U.S.-Canada FTA (Free Trade Agreement, first implemented in 1989) the two countries had begun phasing out trade barriers.

In 1984, the Cochran Fellowship Program was launched, providing training for senior and mid-level specialists from the public and private sectors concerned with agricultural trade, agribusiness development, management, policy, marketing and technology transfer.

The Food, Agriculture, Conservation and Trade Act of 1990 created a new focus for FAS by authorizing the Emerging Markets Program. This program targeted countries with a per capita income of less than \$9,360 and a population greater than 1 million that were "taking steps toward a market-oriented economy." The program acknowledged the changing face of the world economy and sought to foster the United States' participation in it.

As new markets emerged, others struggled to survive. The former Soviet Union suffered as its banking system collapsed and the ruble was devalued. Not coincidentally, Russia's purchases of U.S. agricultural exports plummeted by nearly 90 percent. Simultaneously, Russia's own



Harvesting peas near Rio Wisconsin

USDA 95/CS4177 CD2056-077



PhotoDisc V39223

farm production fell by almost 50 percent.

As a result of these factors, Russia could not feed its people. For both humanitarian reasons and as a means to retain an important market, the United States increased its food aid efforts. The total package of U.S. aid eventually reached \$1 billion, half of which was donated with no expectation of any repayment. The aid eased Russia's transition from a socialist state to a participant in the world market.

Trade negotiation, always a key facet of FAS' larger objectives, increased in importance during the 1990s. The FAS administrator receives advice from the private-sector Agricultural Policy Advisory Committee for Trade, which aided in both NAFTA (North American Free Trade Agreement, successor to the U.S.-Canada FTA) and GATT negotiations. In addition, several Agricultural Technical Advisory Committees provide commodity-specific expertise from the

private sector under the guidance of FAS leadership. The practice of obtaining such expert advice during important negotiations has helped modify significant world agreements.

The United States, Canada and Mexico came to terms on NAFTA in 1993. Implemented on Jan. 1, 1994, NAFTA began to eliminate most trade barriers in North America and provided for expiration periods ranging from 5 to 15 years for the remaining barriers. In the United States, agricultural exports to both Mexico and Canada increased by nearly 100 percent during the first six years of NAFTA's implementation. Beyond this initial success, NAFTA appears to have created a solid relationship that will serve North America well for many years to come.

Almost simultaneously, the negotiators of the Uruguay Round of the GATT reached a substantial agreement after nine years. The negotiations, which began in

1986 and finally concluded in April 1994, established the WTO (World Trade Organization, successor to the GATT).

The WTO mediates the increasingly complex and competitive world marketplace. Three "pillars" compose the Agreement on Agriculture in the WTO. The pillar of market access changed all nontariff barriers to tariffs, so that potential exporters could gauge the extent of remaining protection. The pillar on export subsidies formulated a series of limits to be placed on member governments. The practice of subsidizing exports was to be controlled on a product-by-product basis, which would gradually decrease market-distorting trade subsidization. The third pillar of the Agreement on Agriculture established that the WTO would monitor the amount of governmental support each member country utilized in its trade practices.

The new agreements, bolstered by continued high production of U.S. farmers, drove exports consistently beyond the \$50 billion mark in the 1990s. In 1996, Congress passed the FAIR Act (Federal Agriculture Improvement and Reform, also known as Freedom to Farm), which increased emphasis on market orientation and value-added products. Proponents of this focus are optimistic that U.S. farmers can continue to meet the world's needs—in both bulk and value-added products. As one expert has stated, "The United States is big enough and strong enough to meet buyers' needs everywhere in the world. We shouldn't create a war between high-value and bulk products."

The FAIR Act also created the Facility Guarantee Program to make credit available for the improvement of agriculture-related facilities in emerging markets, and the Supplier Credit Guarantee



FAS staffers Frank Gomme and Daniel Berman (seated in front) at intergovernmental meeting of United Nations' Food and Agriculture Organization in Rome, Italy. 1980

Program, designed to make it easier for exporters to sell U.S. food products overseas by insuring short-term, open account financing.

in supporting activities. Accordingly, in a year with \$50 billion in exports, an additional \$73 billion of revenue flows through areas such as financing, packaging

and shipping. In short, agricultural exports support jobs—765,000 in 2002, for example.

FAS remains a small agency by Federal government standards, with a staff of only about 1,000 employees. This number seems especially small when one considers the scope of the organization's mission—the entire world. Its goals include helping U.S. farmers export their surplus production and also coordinating efforts to ease world famine and malnutrition. For 50 years, an official partnership between farmers and ranchers and FAS has existed.

All indications point to a continued relationship, one that will change and adjust in order to further promote the interests of both American exporters and those nations that depend on them. ■

This article was prepared by Ryan Swanson of the Federal Research Division, Library of Congress, under an Interagency Agreement with FAS.

A Look Toward the Future

U.S. agricultural exports are forecast to reach \$57 billion in 2003, and the prospects for agricultural exports remain promising. FAS continues to support trade growth by adjusting as the market changes. And the Agency continues to support efforts to improve world food security.

Innovative programs, such as the pilot Global Food for Education program, have opened new doors for both U.S. farmers and the people who receive their goods. The U.S. economy as a whole continues to profit from burgeoning agricultural exports. For every dollar of agricultural export revenue, another \$1.47 is created



A Small Agency With a Big Mission: 50 Years of the Foreign Agricultural Service

1953—Secretary's Memorandum No. 1320 of March 10 establishes FAS (Foreign Agricultural Service). Agency was formed to help U.S. farmers, ranchers, traders, exporters and consumers through market information, market access and market development activities. It accomplishes this through overseas staff backed by team of economic analysts, negotiators, marketing specialists and development experts in Washington, DC.

1954—Agricultural Trade Development and Assistance Act transfers agricultural attachés back to USDA from U.S. Department of State (where they were transferred in 1939 as part of general reorganization).



Undergraduate students in early FAS junior development program. 1959

1954-55—William G. Lodwick is FAS' first administrator.

1954—P.L. 480, Food for Peace Program (also known as Agricultural Trade and Development Assistance Act) is enacted on July 10 as temporary surplus disposal program; it also establishes market development program and cooperator system.

1955-58—Gwynn Garnett becomes administrator. A proponent of P.L. 480, Garnett encourages training FAS' agricultural attachés to promote exports and administer food assistance.

1956—Fourth round of multilateral trade negotiations through the GATT (General Agreement on Tariffs and Trade). (Other rounds were conducted in 1947, 1949 and 1951.)

1958-61—Max Meyers, administrator.

1960-62—Dillon Round of trade negotiations involved further revision of the GATT and addition of more countries.

1961-62—Robert Tetro, administrator.

1962-73—Raymond Ioanes, administrator.

1963-67—Kennedy Round of multilateral trade negotiations was hybrid of earlier product-by-product approach and new formula tariff-reduction approach with across-the-board reductions.



1969—EIP (Export Incentive Program) establishes innovative relationship with independent firms that wish to expand in specific markets. State departments of agriculture join program.

1969—International Agricultural Development Service, USDA agency that coordinated all USDA overseas technical assistance and training work, is disbanded and its functions taken over by a unit of FAS. Later in 1969, the Foreign Economic Development Service, independent of FAS, is established. Over next 15 years, what would eventually become the Office of International Cooperation and Development is transferred to USDA's Economic Research Service, Office of the Secretary, made an independent agency and then in 1993 made part of FAS again.



U.S. Feed Grains Council presents sample from first shipload of premium quality corn to Norwegian Grain Corporation, Bergen, Norway. Attaché Harlan Dirks on right. 1973

1973-77—David L. Hume, administrator.

1973—Export reporting system established to ensure that all parties involved in production and export of U.S. grain have access to up-to-date export information. System had its roots in unanticipated purchase of large amounts of grain by Soviet Union in 1972, also known as the “Great Grain Robbery.”



1973-79—Tokyo Round of multilateral trade negotiations centers on negotiation of additional tariff cuts and develops series of agreements governing use of many nontariff measures. Many developing countries, as well as several East European countries, participate in negotiations for first time.

1975—U.S.-USSR Long-Term Grain Agreement signed in October, bringing stability to U.S.-Soviet grain trade.

1977-81—Thomas R. Hughes, administrator.

1976—LACIE (Large Area Crop Inventory Experiment) project launches crop reports via satellite in August. FAS is lead USDA

agency on LACIE project, which tests crop reporting possibilities of space satellites.

1977—Title III, Food for Development, added to P.L. 480 to help world's needy help themselves by allowing foreign governments to purchase U.S. agricultural commodities on Title I terms and resell them in their own countries, using proceeds for self-help projects. If successful, the Title I debt was forgiven.

1978—Agricultural Export and Trade Expansion Act of 1978 establishes network of agricultural trade offices in key markets. Act also grants diplomatic rank and title of counselor to at least 10 agricultural representatives abroad.

1978—Office of International Cooperation and Development established as separate agency from FAS on May 1.

1980—Foreign Service Act enables USDA (and several other government departments and agencies) to give embassy employees foreign service officer status while remaining on their home department payrolls.

1980—GSM-102 Export Credit Guarantee Program, covering credit terms up to three years, is established on October 1.

1980—FAS establishes Office of Food Safety and Technical Services.

1981-85—Richard Smith, administrator.

1981—First attaché report (grain) transmitted electronically from agricultural office in London to FAS headquarters in Washington on July 1.

1982—First personal computers installed in FAS headquarters.

1983—First personal computers installed overseas.

1984—First electronic e-mail with overseas posts (Jeddah, Saudi Arabia).

1984—Cochran Fellowship Program launched, providing training for senior and mid-level specialists from the public and private sectors concerned with agricultural trade, agribusiness development, management, policy, marketing and technology transfer.

1985—Food Security Act of 1985 creates Targeted Export Assistance Program (later Market Promotion Program and now Market Access Program) providing funds and promotion for farm products subject to unfair trade practices overseas.

1985—EEP (Export Enhancement Program) created in May to help exporters meet competition from subsidizing countries. USDA pays cash to exporters as bonuses, allowing them to sell U.S. agricultural products in targeted countries at prices below exporter's cost of acquiring them.

1985—Food Security Act establishes Food for Progress Program, providing responsive food aid mechanism to encourage and support expansion of private enterprise in recipient countries and to help countries seeking to implement democratic and market reforms.

1985—Section 416(b) program, providing overseas donations of surplus commodities to needy countries, is reinstated.

1986-89—Thomas O. Kay, administrator.

1986-94—Uruguay Round of multilateral trade negotiations focuses on strengthening GATT and expanding its disciplines to new areas, including agriculture. Agreement on Agriculture is one of 29 individual legal texts under umbrella agreement establishing WTO (World Trade Organization), replacing GATT.

1986—GSM-103 Intermediate Export Credit Guarantee Program, covering credit terms up to 10 years, begins on October 1.

1987—USDA announces DEIP (Dairy Export Incentive Program) in

February to help exporters of U.S. dairy products meet prevailing world prices for targeted dairy products and destinations.

1989-91—Rolland E. Anderson, Jr., administrator.

1989—The U.S.-Canada FTA (Free Trade Agreement) goes into effect on January 1. Goal is to remove all tariff and some non-tariff barriers to agricultural trade between two countries within 10 years.

1989—In January, FAS' monthly magazine, *Foreign Agriculture*, is renamed *AgExporter*, reflecting shift in emphasis from reporting on crops in foreign markets to promoting U.S. agricultural exports.

1990—FACT Act (Food, Agriculture, Conservation and Trade) authorizes Emerging Markets Program.

1991-92—Duane Acker, administrator.

1992-93—Stephen L. Censky, acting administrator.

1993-94—Richard B. Schroeter, acting administrator.

1993—Secretary's Memorandum 1020-39 merges USDA's Office of International Cooperation and Development into FAS on September 30.

1994-97—August Schumacher, Jr., administrator.

1994—Uruguay Round of trade negoti-



U.S. Agricultural Counselor Turner Oyloe accompanies U.S. Ambassador Price to Court of St. James to present credentials to Queen Elizabeth II. 1984



ations ends with signing of Marrakech Declaration in December.

1994—NAFTA (North American Free Trade Agreement) begins to go into effect. FAS had significant role in securing legislation and helping with implementation. U.S.-Canada FTA is folded into NAFTA.

1995—WTO is established through GATT Uruguay Round.

1995—FAS launches Internet home page on July 11: www.fas.usda.gov

1996—FAIR Act (Federal Agriculture Improvement and Reform) authorizes two new guarantee programs for agricultural exporters. Facility Guarantee Program provides guarantees to improve agriculture-related facilities in emerging markets. SCGP (Supplier Credit Guarantee Program) guarantees short-term credit extended by U.S. exporters directly to overseas customers.

1996—Farm Act authorizes Emerging Markets Program, providing \$10 million per year of CCC (Commodity Credit Corporation) funding to support technical assistance to promote market development, improve market access and assist in development of emerging market economies.

1996—U.S. agricultural exports reach record-high level of \$59.8 billion.

1996—World Food Summit held in Rome, November 13-17. United

States joined more than 180 countries in renewing commitment to alleviation of hunger and malnutrition worldwide. Summit's goal is to reduce by half the number of undernourished people by no later than 2015.

1997-99—Lon S. Hatamiya, administrator.

1997—SCGP has first sales registration.

1999-2001—Timothy J. Galvin, administrator.

1999—Quality Samples Program is announced to help U.S. agricultural trade organizations provide samples of agricultural products to potential importers in emerging markets.

2001—Mattie R. Sharpless, acting administrator.

2001-02—Mary Chambliss, acting administrator.

2001—New round of world trade negotiations (Doha Development Agenda) is launched November 14

in Doha, Qatar. As in Uruguay Round, agricultural discussions are top priority, but this round seeks to address concerns of developing, as well as developed, countries.

2002—Present—A. Ellen Terpstra, administrator.

2002—FAS provides record levels of technical assistance in trade capacity building to over 4,500 individuals in 80 developing countries or emerging markets.

2002—FAS launches new electronic reporting system to collect U.S. export sales information for beef.

2002—World Food Summit: *Five Years Later* held in Rome, June 10-13. United States reaffirms commitment to ending global hunger and poverty, noting that increased agricultural productivity would be one major step toward greater food availability and access in poor countries. To assist, FAS increases efforts in areas such as biotechnology and trade capacity building. ■



FAS Attachés: U.S. Agriculture's Eyes and Ears Abroad

By Linda Habenstreit

On Aug. 28, 1954, a little more than a year after FAS (the Foreign Agricultural Service) was established, U.S. agricultural attachés were returned to USDA (the U.S.

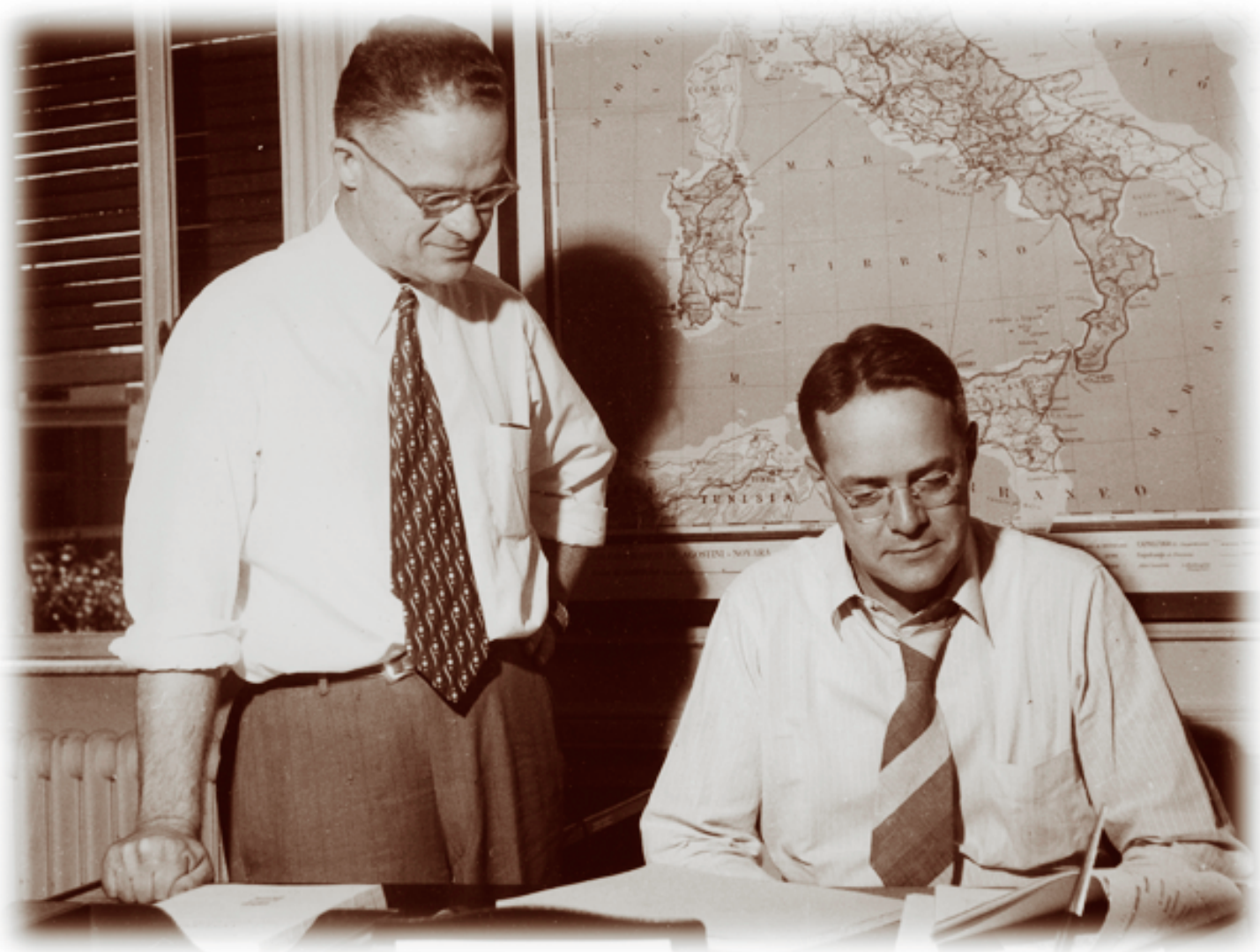
Department of Agriculture) from the U.S. Department of State by a provision of the Agricultural Trade Development and Assistance Act of 1954.

Even before then, agricultural officers were posted in foreign markets to be U.S. agriculture's "eyes and ears." The first U.S. agricultural attaché in the modern sense was Edward Foley, an agricultural trade commissioner, who went to London, England, in 1919 to study markets for

American agricultural products in Europe.

Foley's duties were not unlike those of U.S. agricultural attachés today. Reporting on a country's crop conditions and production, consumer preferences and marketing system are the bread and butter of an attaché's work.

In fact, in 2002, U.S. agricultural attachés worldwide generated 2,899 reports. These reports ran the gamut from



Robert Tetro at his desk at American Embassy in Rome, Italy. Circa 1950



U.S. Agricultural Attaché Firsts

First Female Attaché—Ana M. Gomez, Mexico City, Mexico, 1948-65.

First P.L. 480, Title I Agreement—Negotiated with Peru on Feb. 7, 1955.

First Foreign Market Development Agreement—Signed May 23, 1955, between FAS and the National Cotton Council (now Cotton Council International).

First Joint FAS/Foreign Market Development Cooperator Activity—Representing U.S. agriculture at a foreign trade show, 1955.

First African-American Agricultural Attaché—W. Garth Thorburn, Paris, France, 1956-61.

First U.S. Agricultural Trade Office—London, England, 1977.

First U.S. Agricultural Attaché Given the Rank of Ambassador—H. Reiter Webb, chief negotiator for textile matters, 1979-81.

First Electronically Transmitted Attaché Report—July 1, 1981, from agricultural counselor in London, England, to FAS headquarters in Washington, DC.

First U.S. Agricultural Attaché To Serve Overseas as an Ambassador—Christopher E. Goldthwait, U.S. Ambassador to the Republic of Chad, Aug. 9, 1999.



U.S. Ambassador John Gunther Dean presents Agricultural Attaché Robert C. Tetro with President Reagan's foreign service appointment in Bangkok, Thailand. 1982

First Female U.S. Agricultural Attaché To Serve as Ambassador—Mattie Sharpless, U.S. Ambassador to the Central African Republic, Oct. 23, 2001.

First 27 Posts Staffed by Agricultural Attachés in 1953 That Are Still Operating Today—Buenos Aires, Argentina; Vienna, Austria; Brussels, Belgium; Ottawa, Canada; Santiago, Chile; Bogota, Colombia; Cairo,

Egypt; London, England; Paris, France; Bonn, Germany; Guatemala City, Guatemala; Jakarta, Indonesia; Rome, Italy; Tokyo, Japan; Kuala Lumpur, Malaysia; Mexico City, Mexico; The Hague, Netherlands; Wellington, New Zealand; Lima, Peru; Manila, Philippines; Moscow, Russia; Pretoria, South Africa; Madrid, Spain; Stockholm, Sweden; Bangkok, Thailand; Ankara, Turkey; and Caracas, Venezuela.

agricultural situation reports to trade policy monitoring reports to commodity reports on hundreds of products.

As former U.S. Agricultural Minister-Counselor Bill Davis said, "From the beginning, the duties and services of an agricultural attaché have remained constant—to support the three traditional pillars of FAS: market information, market access and market development."

In addition to attachés' market infor-

mation responsibilities, P.L. (Public Law) 480 helped to establish a public-private sector partnership to promote exports—the Foreign Market Development Program (cooperator program).

The diverse duties and activities that attachés perform today originated with that legislation. The Agricultural Export and Trade Expansion Act of 1978 authorized a network of agricultural trade offices to represent the interests of the U.S. agri-

cultural export trade abroad, further refining services.

"The concept of an agricultural trade office was to partner with the private sector to provide a 'one-stop' facility for U.S. exporters to demonstrate their products to potential foreign customers," said Lyle Sebranek, FAS Deputy Administrator for Foreign Agricultural Affairs. Today, 17 agricultural trade offices operate in our major markets.

Wearing Many Hats, Attachés Accomplish Much

U.S. agricultural attachés wear many hats, serving as diplomats, negotiators, reporters and market representatives for U.S. agricultural producers, processors and exporters. Their accomplishments for U.S. agriculture are innumerable, as the following anecdotes illustrate.

Serving as diplomats representing U.S. agriculture to host country government officials, importers, traders and the public

In 1982, as John Beshoar, former agricultural officer at the American Embassy in Tokyo, Japan, neared the end of his assignment, he met with the Director of the Import Division in the Food Agency of the Ministry of Agriculture.

"Rice was the most sensitive agricultural issue in Japan," said Beshoar. "The price paid to Japanese farmers was kept artificially high, and there was always a huge surplus. The idea of rice imports was anathema. Wild rice was included in the Japanese import ban.

"When I met with the director, I repeated what I had been telling him for years: that his staff had been presented with scientific evidence that wild rice is not rice, that it is produced by Native Americans, that produc-

tion is limited to small quantities, that the only potential market in Japan is upscale restaurants serving Western cuisine and probably not Japanese rice at all.

"I asked if he would approve my long-standing request to approve imports of wild rice before I was reassigned. Without batting an eye, he said, 'O.K., I'll do it.' And he did."

When Gerald W. Harvey was agricultural counselor at the American Embassy in Cairo, Egypt, in the mid-1980s, his staff was putting together the annual cotton report when they discovered that Egypt's cotton consumption would overtake its declining production in the near future. With cotton imports banned, this meant Egypt would soon be unable to meet its cotton needs.

"We proposed that Egypt open its market to imports, using shorter staple U.S. cotton to offset some domestic demand. The added benefit would be to free up more Egyptian extra long staple cotton for export earnings. The officials accepted our proposal.

"After rapid action by the Egyptian government to remove import barriers, commitments by the U.S. government to provide export credit guarantees and technical support to the Egyptian spinning industry by the U.S. cotton industry, exports of U.S. cotton to Egypt were soon underway."

Serving as negotiators, identifying and removing trade barriers to make U.S. agricultural exports more competitive

While former agricultural attaché William Doering was working in Washington, DC, in 1974, he joined an interagency committee headed by the Bureau of Alcohol, Tobacco and Firearms to negotiate changes to proposed European Community regulations that would impose tariffs on U.S. wines, effectively closing the market.

"We negotiated for nine years, getting one extension after another and reaching agreement on dozens of rules. On July 26, 1983, both sides signed a wine accord.

"The accord opened the European market to U.S. wines and brought consistency to the wine trade, allowing our exports to soar."

In April 1975, when the war in Vietnam ended, John DeCourcy was an agricultural attaché in Kuala Lumpur, Malaysia. At the time, USDA had been donating U.S. agricultural products to South Vietnam under P.L. 480. It became unsafe to deliver the donated commodities, so ships diverted U.S. cargoes to other ports.

"On FAS instructions, I went to Singapore," Decourcy explained, "where I found 32,000 metric tons of rice, 10,000 tons of wheat and 5,000 to 6,000 bales of cotton sitting at the dock. I took bids and wrote contracts to sell the products."

In September 1998, Frank D. Lee, agricultural minister-counselor in Mexico City, Mexico, found a novel way to keep the Mexican market open to U.S. apples. "Mexico was the largest destination for U.S. apples, but the Mexican government had prohibited imports due to sanitary-phytosanitary concerns," Lee explained.

"Working with the U.S. apple industry and USDA's Animal and Plant Health Inspection Service, I proposed a new concept to Mexican authorities—sign a letter of intent indicating that both parties intend to abide by specified provisions.

"Both sides agreed, the borders were opened and U.S. apple exports flowed again. The language of the letter of intent became



Rice harvesting in Coy, Arkansas.

USDA 95cs1616 CD0696039



Allied checkpoint, one of many Cold War guard posts along East-West frontier. Berlin, German Democratic Republic. 1973

the basis for the final agreement with Mexico. Today, Mexico continues to import U.S. apples at record amounts."

Serving as expert reporters on commodity production and supplies, trade trends and market opportunities, providing timely information essential to the FAS global reporting system

When agricultural attaché H. Reiter Webb arrived at the American Embassy in Cairo, Egypt, in 1976, the first item on the schedule was to obtain livestock data.

"Unfortunately, the existing data was nine years old," said Webb. "My predecessor had been evacuated from the American Embassy in 1967 after the Arab-Israeli Six Day War, when Egypt broke off diplomatic relations with the United States. We reconstructed the livestock data from 1970 onward."

Robert J. Svec was assistant agricultural attaché at the American Embassy in Moscow, Soviet Union, in 1972.

"That year, the Soviets began buying grain earlier than anyone expected," said Svec. "At the time, USDA did not require U.S. companies to report export sales, so there was no way of knowing how much grain the Soviets were buying."

"When the Soviets announced the amount they had purchased, the agricultural staff in

Moscow and FAS headquarters in Washington were shocked. The Soviets had purchased 20 million tons of grain—almost three times the amount they had purchased the year before.

"This event precipitated the start of USDA's export sales reporting system, in 1973. It also temporarily changed the world grain market from one of surpluses to one of shortages."

Debra Henke, former agricultural attaché at the American Embassy in Berlin, German Democratic Republic, explained the importance of thorough supply and demand analysis and the invaluable insights of foreign service nationals. "We discovered that there was more feed in the country than was necessary for the number of animals," Henke noted. "A member of our German foreign staff surmised that there must be additional animals."

"After the Berlin Wall came down, we learned the Communist party had its own feedlots and was selling meat to the West. Our suppositions were correct—there were more animals being fed than the numbers showed!"

Serving as market representatives, working in concert with foreign market development cooperators to develop, expand and promote U.S. agricultural products to foreign buyers

In the 1960s, British consumers thought of asparagus as a white vegetable. H. Reiter Webb, assistant agricultural attaché at the American Embassy in London, England, was influential in changing their thinking.

"With \$2,000 to spend to promote fresh Florida asparagus as a green vegetable, I hired an advertiser," said Webb. "We recruited young British women to wear green pantsuits and pose for photographs holding asparagus in front of a green MINI Cooper automobile. With photos and literature in hand, the advertiser decorated grocery stores throughout London for free. The advertising campaign went over well."

One of agricultural attaché Shackford Pitcher's most memorable experiences was on a Swedish ferry crossing the ice-covered Bay of Bothnia in the middle of winter to see how U.S. funds were being used in a food promotion event in the ferry's restaurants and duty-free shop.

"I was worried by the pack ice the boat was plowing through as we left the harbor," explained Pitcher. "I went to the bridge and met with the captain to thank him for his support. It worried me even more when the captain said the real danger is getting stranded in pack ice."

"I was very pleased when we got through the next day. The enthusiasm for the excellent U.S. steak dinner assured me our promotional funds were well spent."



Walter Stern, U.S. agricultural attaché to Cote d'Ivoire, receiving award from U.S. Ambassador Nancy Nawls.

U.S. Agricultural Attachés: Witnesses to History

January 1961—United States breaks off diplomatic relations with Cuba's communist government—Havana, Cuba, Chester E. Davis, agricultural attaché.

June 5, 1967—Six Day War—Israeli, Egyptian, Jordanian and Syrian conflict—Cairo, Egypt, James A. Hutchins, Jr., and John DeCourcy, agricultural attachés; Tel Aviv, Israel, Volorus H. Hougen, agricultural attaché.

August 1975—Japanese "Red Army," a terrorist group, takes over the American Embassy—Kuala Lumpur, Malaysia, John DeCourcy, agricultural attaché.

October 1975—Lebanese civil war forces closure of the Office of Agricultural Affairs at the American Embassy in Beirut and relocation to Damascus, Syria—Beirut, Lebanon, Shackford Pitcher, agricultural attaché.

Nov. 4, 1979—Iranian revolutionaries storm American Embassy, seizing 69 American hostages—Teheran, Iran, Henry Lee Schatz, agricultural attaché.

Oct. 6, 1981—Egypt's President Anwar al-Sadat is assassinated—Cairo, Egypt, Verle Lanier, agricultural counselor, and Clyde E. Gumbman, agricultural attaché.

Aug. 21, 1983—Philippine opposition leader Benigno Aquino, Jr., is assassinated—Manila, Philippines, Verle Lanier, agricultural counselor.

February 1986—Philippine President Ferdinand Marcos is overthrown. Corazon Aquino, widow of slain opposition leader, becomes head of state—Manila, Philippines, Verle Lanier, agricultural counselor.

June 1989—Chinese military uses force to suppress pro-democracy demonstrators in and around Tiananmen Square—

Beijing, China, David M. Schoonover, agricultural counselor; Suzanne E. Heinen, agricultural attaché; Jonathan Gressel, agricultural trade officer.

May-November 1989—The Berlin Wall, dividing West and East Germany, falls—Berlin, German Democratic Republic, Debra Henke, agricultural attaché; Bonn, Federal Republic of Germany, Gerald W. Harvey, agricultural counselor and Gary W. Meyer, agricultural attaché.

Jan. 16, 1991—Iraq's invasion of Kuwait in August 1990 precipitates the Persian Gulf War—Manama, Bahrain, Philip A. Letarte, agricultural trade officer.

August 1991—The break-up of the Soviet Union begins—Moscow, Russia, David M. Schoonover, agricultural minister-counselor; James J. Higgiston and S. Rodrick McSherry, agricultural attachés.

Oct. 8, 1993—United Nations lifts most remaining economic sanctions against South Africa after a date is confirmed for the country's first universal suffrage elections, ending the era of apartheid—Pretoria, South Africa, James Benson, agricultural attaché.

July 11, 1995—United States normalizes relations with Vietnam. In August, the American Embassy in Hanoi officially reopens—Hanoi, Vietnam, Ross Kreamer, agricultural attaché.

Aug. 7, 1998—The American Embassy in Nairobi, Kenya, is bombed, killing 247 persons, including Evans Onsongo, a Kenyan agricultural specialist in the FAS office, and seriously injuring two other FAS employees—Lydia Mbithi and Moses Kinyua. The American Embassy in Dar es Salaam, Tanzania, is also bombed, killing 10 persons—Nairobi, Kenya, L. Henry Schmick, Jr., agricultural attaché.





The Foreign Service Act of 1980 gave agricultural attachés diplomatic rank. “That put agricultural attachés on par with our State Department colleagues of the same rank,” said Sebranek, “making us an integral part of each ambassador’s country team.”

Electronic Age Ushers in Change

Still, these incremental refinements did not change the attachés’ fundamental duties. Technological advances have exerted a much greater impact on their work.

In the early days, Sebranek recalled, “We rarely used the telephone. We got all our basic supply and demand information on shuttle cards. We filled in the numbers at post, attached the shuttle card to an airgram, describing the reasons for the changes and put the documents in the Embassy pouch.

“These documents made their way to headquarters in Washington as best they could,” Sebranek continued, “where statistical pools would take the information from the shuttle cards and transfer it to large data sheets, combining every country’s numbers on cotton, for example. The shuttle cards would be sent back to posts to await the next regular report. That’s how we put together our worldwide data.”

Regular mail, diplomatic pouch and State cables were also used. “With our independent cable system of the 1970s, the turn-around time for information exchange became days instead of weeks,” said Shackford Pitcher, former agricultural counselor. “As more offices installed fax machines in the mid-1980s, we gained instant communication.”

Verle Lanier, former agricultural counselor and now associate administrator for Operations and Management in



USDA’s Farm Service Agency, recalled getting his first personal computer when stationed in Cairo, Egypt, in the early 1980s.

Attachés began submitting reports electronically in 1981 via telemail, a precursor of e-mail.

“The electronic age has completely changed the way attachés do their work,” said Sebranek. “Today, we think nothing of picking up the telephone or the cell phone or sending a fax or an e-mail. It has made the job of an attaché both tougher and easier because there is so much information—it’s hard to know where to start sometimes. It is information overload on almost every topic!”

Most attachés say that commodity production reporting is much less important today than it was 50 years ago. As Richard Barnes, former agricultural minister-counselor, said, “That’s because there

are numerous alternative, timely sources of commodity intelligence.”

“However, market development and trade policy work have taken on much greater importance and require much more time and effort,” noted Gerald W. Harvey, former agricultural minister-counselor.

Reading Tea Leaves: What Lies Ahead?

Looking ahead, Sebranek said, “The attachés’ area of responsibility has drastically increased. Today, attachés must be knowledgeable about WTO (World Trade Organization) rules, trade-capacity building, agriculture’s effect on the environment, agricultural investment, science and technological advances and many other issues. The work is bigger and more complex.

“No matter how many offices we open or close or how much technology



▲ Attaché Gerald W. Harvey (second from left) with U.S. Feed Grains Council members Romano Graziani (left) and Halvor Kolshus (third from left), Tobin Armstrong (in hat, representing Secretary of Agriculture) and Polish officials at dedication of Council-sponsored beef-feeding project in Szczecin, Poland. 1976

Harvey, Kolshus and Polish officials look on as Armstrong cuts ribbon at project dedication. ►

changes,” Sebranek said, “some basic facts remain the same—without the hard work of our foreign staff and the support of our spouses, our work would be much more difficult.”

Thomas Hamby, former agricultural minister-counselor, said, “I see attachés evolving from nuts and bolts agricultural technicians to communications and pub-

lic relations specialists, who must understand and confidently represent U.S. agricultural interests abroad.” ■

The author is a public affairs specialist in FAS’ Public Affairs Division. Tel.: (202) 720-9442, Fax: (202) 720-1727, E-mail: linda.habenstreit@usda.gov



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Exports Then and Now

It was not the worst of years for U.S. ag exports, but 1953 certainly was not the best. Export volume and value fell sharply, and the outlook appeared bleak. FAS analysts were worried about deteriorating trade prospects and what that meant for farm incomes and agriculture's future.

The surge in U.S. exports—sales and food aid—accompanying World War II and the postwar recovery was tapering off. European production was on the upswing. Fighting on the Korean peninsula came to an end in July 1953, and foreign customers were no longer stocking up on supplies.

One USDA publication at the time lamented the “shrinking outlets for the...greatly enlarged productive capacity” of U.S. agriculture that had developed to meet wartime needs. U.S. wheat stocks were climbing rapidly, soon to reach 1 billion bushels—most of it owned or controlled by the government.

P.L. (Public Law) 480, destined to become a cornerstone of U.S. food aid commitments around the world, would soon be approved as a means of surplus disposal with humanitarian motives. The first few rounds of tariff cuts had begun under the GATT (General Agreement on Tariffs and Trade), predecessor of the WTO (World Trade Organization), but meaningful reforms in ag trade policies were still decades away.

In published reports, FAS analysts began to ask if “our agricultural export trade [could] prosper only in periods of world catastrophe.”

The last half-century has answered



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IN THE EARLY 1950s, SIX OF OUR TOP 10 MARKETS WERE IN WESTERN EUROPE.

this question. The global marketplace has grown enormously—more people, more production, higher incomes and much, much more trade. World population increased from about 2.7 billion in 1953 to a projected 6.3 billion this year. Urban populations have more than tripled.

Rising incomes have expanded trade not only by generating demand for more food, but also by helping to alter diets, sharply boosting per capita global consumption and trade in meats, cereals, fruits and vegetables, and processed grocery products. At the same time, trade liberalization, changing market structures and new technologies in processing, storage and shipping created new opportunities and new markets.

American producers, processors and

exporters took advantage of these growing opportunities by increasing their productivity, improving quality and variety, and intensifying marketing efforts. Today, there are fewer than half as many U.S. farms as there were in 1953, but these farms are larger and more productive. Then, the average farm produced enough food for an estimated 26 people; by 2000, the average U.S. farm fed an estimated 139 people.

Government—including FAS—and the private sector developed a strong partnership, working together on market development and promotion programs, market-opening negotiations and new trade agreements, food assistance, and research and quality improvements.

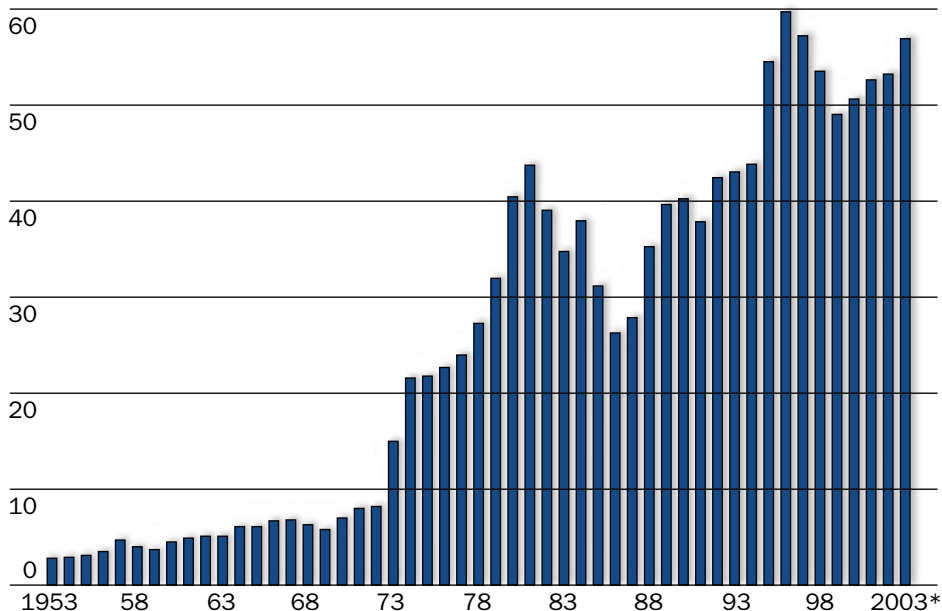
In 2003, many of the issues and concerns of the 1950s persist—challenges relating to the excess productive capacity of U.S. agriculture, continued global ag policy reform, weather uncertainties and competition. But if history is any guide, world markets will continue to offer rewarding growth opportunities and play a vital role in the future strength and prosperity of American agriculture.

Exports Register Half-Century of (Mostly) Growth

The chart tells a tale of remarkable growth, but the path was neither straight nor smooth. Efforts to build markets were buffeted by competition, trade barriers and changing economic, financial and political conditions. Emerging from single digits, U.S. ag exports tripled to \$22 billion from 1970 to 1974, jolted by large grain purchases by the then-USSR. Swelling demand from developing countries, a weak dollar and periodic foreign droughts kept the string of records going, and exports doubled to \$44 billion by 1981. A severe downturn followed, triggered by global recession, a strong U.S. dollar, high crop loan rates and stiffer competition. A recovery finally began in the late 1980s, restoring sales to \$44 billion by 1994. Then, poor foreign harvests and tight world grain supplies spurred exports to a still-unbroken record of \$60 billion in 1996. Today, U.S. ag exports are 20 times the \$2.8 billion of 1953. After adjusting for inflation, at least two-thirds of this increase is real.

U.S. Agricultural Exports, 1953-2003

\$ Billion



Fiscal years. 2003 forecast.

Bushels, Bales and Pounds Show Evolution of U.S. Trade

A USDA report at the time boasted that our soybean exports set a record in 1953—42 million bushels. The 1950-54 average was much lower. We now export about a billion bushels a year. For most products, larger U.S. output is supplying more tonnage to more markets to meet greater global demand. Wheat, cotton and tobacco dominated our exports then. Some of the largest volume gains since 1953 are for products that have evolved into today's sales leaders, including corn, soybeans, meats, fruits and vegetables. In the early 1950s, meats trailed animal fats in export volume and value, horsemeat tonnage beat poultry meat, and the largest market for our meats was Cuba. Like meats, fruits and vegetables show huge export gains. Example: 164 million pounds of fresh apples were exported in 1952 and 1953 combined, compared with 2.9 billion pounds in 2000-01.

U.S. Export Volumes of Selected Products

	1950-54*	Today*
Wheat & flour (bu.)	342 mil.	1.0 bil.
Corn (bu.)	108 mil.	1.9 bil.
Rice (cwt.)	13.7 mil.	88.7 mil.
Soybeans (bu.)	26.4 mil.	1.0 bil.
Cotton (bales)	4.6 mil.	8.9 mil.
Tobacco leaf (lbs.)	473 mil.	404 mil.
Beef & veal (lbs., prod. weight)	21.4 mil.	1.8 bil.
Pork (lbs., prod. weight)	74.2 mil.	1.1 bil.
Lard (lbs.)	537 mil.	139 mil.

*Average for fiscal years 1950-54, and average for 2000/01-2001/02 marketing years for crops and 2000-2001 calendar years for meats and lard.

DURING THE 1950s, OUR AG TRADE BALANCE WAS AWASH IN RED INK.

Leading Markets Reflect Both Continuity and Change

Besides millions of dollars becoming billions, what's changed? In 1950-54, six of our top 10 ag export markets were in Western Europe. In 2002, half were in Asia and only two were in Europe. Also, Canada and Mexico, our NAFTA (North American Free Trade Agreement) partners since 1994, ranked No. 1 and No. 3 in 2002. Together, they took 29% of total U.S. ag exports, up from 11% in the early 1950s when Mexico wasn't even in the top 10. Another difference: the spread between the biggest buyers at the top of the list and those lower down is much wider today. What's not so new? Four of our top five markets from 1950-54 still make the list, and Japan remains a frontrunner, despite losing its long-held No. 1 spot in 2002. In terms of market diversification, we ship more products to more countries now, but our 10 largest customers still account for two-thirds of total U.S. ag exports.

Top 10 Markets for U.S. Agricultural Exports

1950-54*	Rank	2002*
Japan, \$397 mil.	1	Canada, \$8.6 bil.
United Kingdom, \$340 mil.	2	Japan, \$8.3 bil.
West Germany, \$298 mil.	3	Mexico, \$7.1 bil.
Canada, \$270 mil.	4	South Korea, \$2.7 bil.
Netherlands, \$167 mil.	5	Taiwan, \$1.9 bil.
India, \$161 mil.	6	China, \$1.8 bil.
Italy, \$151 mil.	7	Netherlands, \$1.4 bil.
Cuba, \$146 mil.	8	Hong Kong, \$1.1 bil.
France, \$128 mil.	9	Egypt, \$1.0 bil.
Belgium, \$111 mil.	10	United Kingdom, \$1.0 bil.

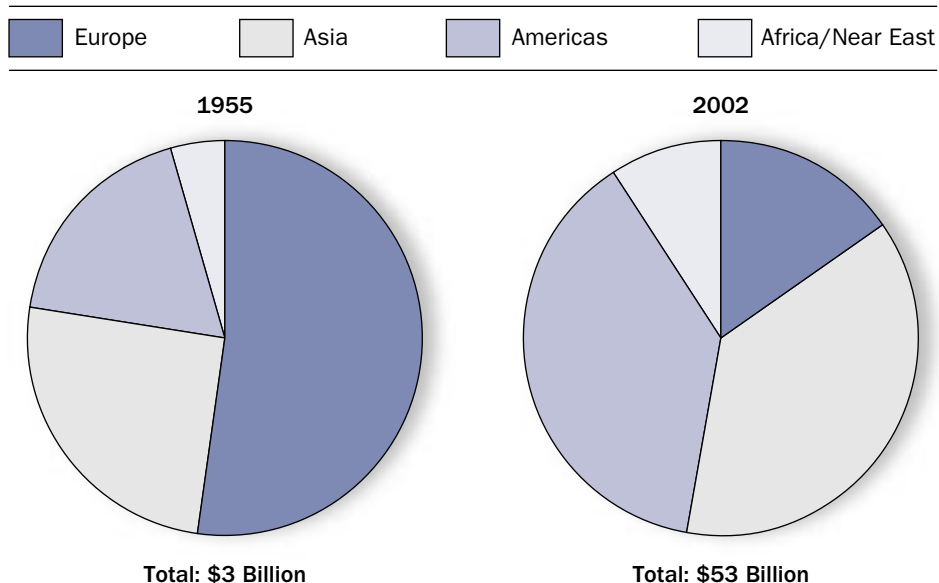
*Average for fiscal years 1950-54, and fiscal year 2002.

Notes: Exports to the Netherlands are mostly transshipments. Today, the 15-member European Union is generally viewed as a single market (as a single market, it would rank 4th in 2002, after Mexico). China and Hong Kong are also often reported as a single market.

Market Action Shifts to Asia and Americas

In 1955, more than half of U.S. ag exports went to Europe, mainly Western Europe. However, U.S. opportunities in those markets were limited first by post-war recovery in European farm production, and later by formation of the Common Market and Common Agricultural Policy, with its financial supports and import barriers. Meanwhile, strong economic gains, rising incomes and changing tastes shifted the export action to Asian markets. In 1979, Asia surpassed Western Europe as the leading regional market for U.S. ag exports. Today, exports to both Asia and the Americas are about 2 1/2 times our sales to all of Europe, including Russia. Canada and Mexico account for 75-80% of U.S. ag exports within our own hemisphere.

U.S. Agricultural Exports by Region



Fiscal years. Europe includes Russia and several other former Soviet states.

WHEAT, COTTON AND TOBACCO LEAF ACCOUNTED FOR UP TO 60% OF TOTAL U.S. AG EXPORT VALUE.

Catering to Consumers: Trade Momentum Favors High-Value



USDA 01d1433 CD8174433

Grain trimmer directing flow of wheat into hold of Great Lakes ship, Superior, Wisconsin. 1941

Bulk commodities dominated the U.S. ag trade picture in the early 1950s. The big three at the time—wheat, cotton and tobacco leaf—accounted for up to 60% of total U.S. ag export value. Bulk and semi-processed commodities made up 85% of total ag exports.

That was then. In intervening years, the U.S. and global trade mix has been radically altered by rising incomes, partial trade liberal-

ization, changing tastes and technologies, increased cultural exchange, consumer demand for convenience and other trends. Since the mid-1980s, meats, fruits and vegetables, and processed grocery products have set the growth pace. In 2002, consumer-oriented products accounted for 40% of total U.S. ag exports by value, followed by bulk commodities at 36% and intermediate products at 24%.



USDA 75cs0265 CD1447-097

Consistent Surpluses Replace Past Deficits

Year after year, agriculture's contribution to the U.S. trade picture is consistently positive, but it wasn't always so. During the 1950s, our ag trade balance was awash in red ink. In 1953, for example, U.S. ag imports were \$4.3 billion and exports were \$2.8 billion, leaving an ag trade deficit of \$1.5 billion. Since the 1950s ended, agriculture has produced a trade surplus every single year. For fiscal 2002, U.S. ag exports topped \$53 billion and imports were \$41 billion, producing a surplus of more than \$12 billion. By contrast, the overall U.S. merchandise trade balance has shifted from surpluses in the 1950s and much of the 1960s to persistent and growing deficits, estimated at just over \$450 billion in 2002.



PhotoDisc TR001776

Non-Ag Outpaces Ag in Trade Picture

America of the 1950s was more rural and agricultural than it is today, and farm production played a larger role in the overall economy and trade. In the early 1950s, on average, ag exports accounted for 22-23% of the total value of U.S. merchandise trade. The percentage began to decline steadily around the mid-1970s as trade in other goods grew more rapidly, benefiting from lower tariffs and freer global market access for non-ag products. Ag's share was still about 18% when the downward trend accelerated in the mid-1980s during the prolonged slump in the U.S. ag economy and ag exports. Today, ag exports play a critical role in generating jobs, economic activity and higher rural incomes, but their share of U.S. merchandise trade is 7-8%.



Chicago skyline.

PhotoDisc V60304

Tobacco Is a Vegetable: Notes on the Data

Need to know U.S. wheat export tonnage for the last 10 years? Not a problem. Go to the U.S. Trade System on the FAS Web site, and a few clicks of the mouse will bring you the data.

But export data for the 1950s—that's another story.

"Database" was not yet a word, and trade statistics were maintained by manual entries, adding machines, typewriters and metal drawers stuffed with file folders and reams of paper. In many cases, the publications of the time are the only sources for this information today.

The now-versus-then comparisons selected for this presentation were not always the examples of first choice. Some of the examples or years cited were based on the availability of reasonably compatible data from the early 1950s. Lack of data

ruled out other interesting comparisons.

Trade statistics were often compiled and presented differently then, category definitions were sometimes different and some of the detailed trade statistics readily available now were not published then, or just could not be found for this piece.

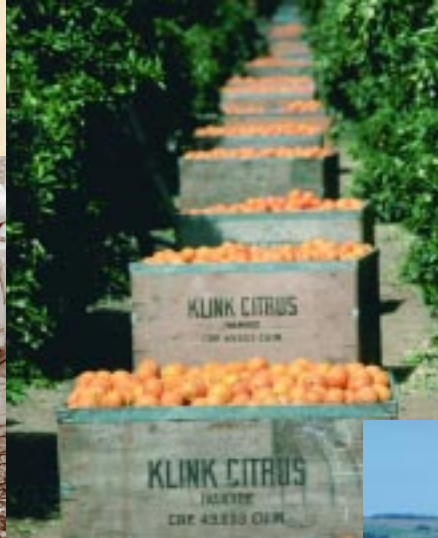
Some of these differences proved limiting, such as the fact that metric tons—one of the most widely used measures of trade volume today—had not yet been adopted in most USDA trade reports. Units exported or imported were reported only in pounds, gallons, bales, bushels, short tons, dozens, bags, crates and bunches, etc., depending on the commodity.

Other differences could easily be ignored without distorting trade comparisons between the 1950s and today. For example, U.S. fiscal year 1953 began July 1, 1952, and ended

June 30, 1953. Today's official fiscal year is October-September.

And some differences stood out mainly as interesting curiosities. In the 1950s, for instance, FAS trade reports tended to categorize all agricultural products as either animal or vegetable—technically accurate perhaps, but confusing to today's reader who finds tobacco, cotton, wheat and grapes all listed under vegetable products.

The historical data was taken from past issues of *Agricultural Statistics*, *Foreign Agriculture* (the predecessor of *AgExporter* magazine), published trade reports at the time and other sources. Current export numbers are from USDA reports or databases compiled from U.S. Census Bureau trade statistics.



This issue celebrates the Foreign Agricultural Service through the past five decades:

- Helping U.S. agriculture expand into export markets to feed, clothe and house people around the world
- A timeline of the more significant events in FAS history
- U.S. agricultural trade then and now
- History and highlights of the FAS attaché service

